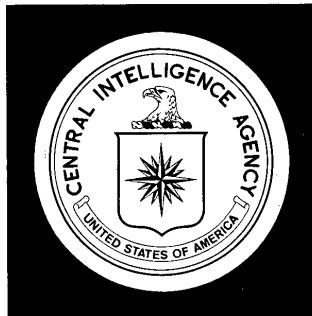


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The President's Daily Brief

April 4, 1974

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THE PRESIDENT'S DAILY BRIEF

April 4, 1974

PRINCIPAL DEVELOPMENTS

Egyptian President Sadat lashed out at the USSR last night, in a speech intended to justify to his Arab allies his postwar turn away from Moscow. (Page 1)

King Husayn, who arrives today in Cairo, [redacted]

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[redacted]

Worldwide demand for grain will be up 5 percent this fiscal year, despite high prices and a 10-percent increase in production. (Page 3)

Pathet Lao Chairman Prince Souphanouvong and Lao Prime Minister Souvanna intend to present the new coalition cabinet and advisory council to the King for investiture either today or tomorrow. (Page 4)

South Korea's government announced a new emergency measure yesterday in a further effort to halt renewed student protest. (Page 5)

The Soviets are increasing their reliance on US technology to tap Siberian oil reserves. (Page 6)

A note on Vietnam appears on Page 7.

FOR THE PRESIDENT ONLY

EGYPT

Egyptian President Sadat lashed out at the USSR last night, in a speech intended to justify to his Arab allies his postwar turn away from Moscow. He charged that the Soviets reneged on promises of military aid and that they consistently tried to dissuade Egypt from going to war.

Sadat avoided making invidious comparisons between Cairo's attitude toward Moscow and its improved ties with the US. More than once, he criticized the US as well as the Soviet Union for failing to move toward a Middle East settlement. He seemed to blame the Soviets, however, for US inaction in the past. Charging that the Soviets had deliberately sought to ensure that the Arabs remain militarily inferior to Israel, Sadat said the US had come to believe that Egypt and the Arabs were "motionless corpses."

In effect, Sadat said that Moscow's behavior had forced Egypt to take matters into its own hands. By stressing that the decision to initiate the war was entirely an Egyptian one, Sadat seemed to be warning other Arabs--particularly Syria--not to depend on the USSR to advance Arab aims. Cairo has shown concern recently that Soviet sniping at Egypt's postwar policies, particularly its dealings with the US, might affect Syrian willingness to pursue talks on military disengagement.

Sadat's criticism of the Soviets may presage even sharper attacks in the future. His speech was preceded yesterday by an Al Ahram editorial calling into question the value of the Soviet-Egyptian friendship treaty. Sadat himself avoided the subject, but he laid the groundwork for a later call for modification of the treaty, in the event he concludes that it means too close a relationship with Moscow.

Such a move could endanger Egypt's major source of military aid, however, and Sadat will approach this issue cautiously. He also wants to avoid provoking the Soviets into active meddling in internal Egyptian affairs. The Egyptians have already expressed fear that Moscow may be attempting to foment discontent over Cairo's domestic as well as foreign policies.

JORDAN-EGYPT-FEDAYEEN

King Husayn, who arrives today in Cairo [redacted]

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[redacted] The King may also publicly acknowledge the Palestine Liberation Organization (PLO) as the "sole representative of the Palestinian people."

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Sadat's chief concern is to get the PLO involved in negotiations, and he will undoubtedly press Husayn to make a public statement accepting the PLO. Sadat is anxious to bring both the Palestinians and Jordan to the Geneva conference table. He is unlikely, however, to commit himself to either party's position on the West Bank once they have agreed to attend the talks.

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WORLD GRAIN SITUATION

Worldwide demand for grain will be up 5 percent this fiscal year, despite unusually high prices and a 10-percent increase in world production.

To meet the record needs, reserve grain stocks of the major exporters--particularly the US--will be drawn down to their lowest level in 25 years. If demand for wheat reaches 33 million tons, for example, US stocks would drop from 12 million to less than 5 million tons. Consequently, US exports of wheat, rice, and possibly corn, in the next fiscal year will have to come largely out of this summer's harvest.

The world's wheat production during this fiscal year has risen 10 percent over last year's level, while demand remains at last year's high level. Uncertainties regarding weather, availability of nitrogen fertilizers, and the size of Indian and Chinese harvests, however, could have an adverse impact on increasing output for the next fiscal year. If one of the major wheat producers suffers a reduced crop, or if there is an unanticipated rise in world consumption, food shortages and record high prices could result next year.

Rice output probably will set records, but still will be insufficient to meet demand. The US crop has increased only modestly. The world market for rice will continue to be characterized by low stocks, shortages, and higher prices.

World production of and demand for feedgrains are up substantially over last year. Exports are setting a new record, but the feedgrain market will remain tight for the balance of this year.

LAOS

After more than 13 months of negotiations, the two Lao sides are finally about to accept a new coalition government. Pathet Lao leader Prince Souphanouvong, who arrived in Vientiane yesterday, plans to go to the royal capital of Luang Prabang today with Prime Minister Souvanna. The two leaders intend to present the new coalition cabinet and advisory political council to the King for investiture either today or tomorrow.

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KOREA

The Pak government announced a new emergency measure yesterday in a further effort to halt renewed student protest. It defines antigovernment activity as both Communist-affiliated and subversive and stipulates harsh penalties for organized student political action.

Until now, the regime has been quietly arresting students suspected of trying to generate opposition to President Pak. A rally at Sogang University in Seoul on March 28, however, shook the confidence of the Korean National Police in their ability to control the student situation. The police [redacted] appear to believe that coordinated student planning for antigovernment activity has been going on at schools other than Sogang.

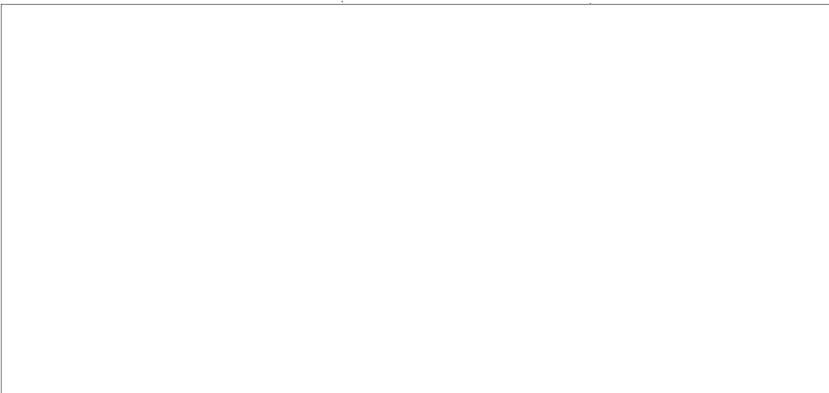
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April 19 is the anniversary of the 1960 student uprising that overthrew President Rhee. The new emergency measure seems pointed toward breaking the back of student dissent before that date.

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USSR-US

Moscow is increasing its reliance on US technology to tap Siberian oil reserves. US exports of oil field equipment to the USSR exceeded \$100 million last year. The backlog of Soviet orders with US firms is probably double that amount.

Most of the imports can be used in arctic or permafrost regions; the US has a near monopoly on this type of equipment. In addition, the USSR has a great need to import other advanced production equipment--manufactured mainly in the US--for old, as well as new fields.

NOTE

Vietnam: The southern part of North Vietnam is apparently experiencing significant rice shortages. An intercepted message last week called the shortage "critical," and another raised the possibility that local disorders could result. In referring to a "Central Military Affairs Committee" directive on the problem, other messages suggest that the shortages are not confined to just a few scattered areas. The problem appears to be principally one of distribution, and the overall rice supply in the country should be adequate to meet aggregate needs.

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